

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

BEDFORD TWP HOUSING COMMISSION

Financial Statements

September 30, 2005

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

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John C. DiPiero, P.C.

Certified Public Accountant

P. O. Box 378
Hemlock, Michigan 48626
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Board of Commissioners
Bedford Twp Housing Commission
8745 Lewis Avenue
Temperance, Michigan 48182

Independent Auditor's Report

I have audited the financial statements listed in the Table of Contents of the Bedford Twp. Housing Commission as of and for the year ended September 30, 2005. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bedford Twp. Housing Commission as of September 30, 2005, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, if fairly stated in all material respects in relation to the financial statements taken as whole.

The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 2, 2006 on my consideration of the Bedford Twp. Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Certified Public Accountant

February 2, 2006

This discussion and analysis of the Bedford Twp Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the financial statements.

Entity-Wide Statements

The combined financial statements show, in one place, all the Commission's operations. Our statements are prepared on the accrual basis of accounting, which is similar to that used by most businesses. Under this method, all revenues and expenses connected with the fiscal year are taken into account even if the cash involved has not actually been received or paid. The Financial Data Schedule included within the audit report contains all the programs of the Commission.

Fund Statements

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Proprietary Fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Entity-Wide Financial Highlights

The Commission was awarded and received the following Federal Assistance:

	<u>Year 2005</u>	<u>Year 2004</u>
Operating Subsidies	\$ 79,043	\$ 71,209
Capital Projects Funds	323,736	13,750

Comparison of the current year to the past and discussion of significant changes as follows:

	<u>Year 2005</u>	<u>Year 2004</u>	<u>Net Change</u>
Cash & cash equivalents	\$ 99,992	\$ 122,844	(22,852)
Accounts Receivable	764	6,748	(5,984)
Investments	94,876	92,171	2,705
Fixed Assets, prior to Depreciation	4,047,021	3,700,043	346,978
Total Liabilities	42,697	47,443	(4,746)
Net Assets	1,889,775	1,680,594	209,181

	<u>Year 2005</u>	<u>Year 2004</u>	<u>Net Change</u>
Revenues:			
Tenant Revenues	221,176	217,902	3,274
HUD Grants	402,779	84,959	317,820
Expenses:			
Administrative	127,150	132,299	(5,149)
Tenant Services	19,955	14,365	5,590
Utilities	42,795	40,877	1,918
Maintenance & Operations	108,093	99,864	8,229
Protective Services	1,960	2,260	(300)
General Expenses	29,732	28,819	913
Depreciation Expense	111,896	104,778	7,118

The Commission's cash position decreased during the year, our investments increased; our fixed assets before depreciation increased, total liabilities decreased, and Net Assets decreased. HUD grants increased, other expenses had unremarkable dollar changes.

We decreased our cash position by reducing our liabilities and purchasing fixed assets (see budget revisions later in this report; the majority of the cash decrease is a result of the asset additions). Net assets increased as a result of a net profit of \$ 209,181. HUD grants are a result of requisitioning eligible funds; our capital fund requisitions increased \$ 309,986; we requisitioned all of the 2003 and 2004 Capital Fund for office and community room renovations. HUD grants received are a result of calculations under the Performance Funding System, and Capital grants authorized and obligated during the year.

The Commission provided the following housing for low to moderately low income families:

	<u>Year 2005</u>	<u>Year 2004</u>
Low Rent Public Housing	97	97

General Fund Budgetary Highlights

The Commission approved an operating budget on April 19, 2004 for the fiscal year ending September 30, 2005; the budget was submitted early due to a request from HUD, normally our fiscal year budget would be approved 90 days before the year end, but due to funding difficulties HUD requested our fiscal 2005 budget be completed early. The original budget was revised on September 26, 2005 to more closely reflect the actual results.

The following represents the significant changes from the original budget to the revised budget:

	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Difference</u>
Property Additions	\$ 27,440	\$ 10,000	17,440
Net Income (Loss)	(31,117)	607	(31,724)

Several line items were increased/decreased in insignificant amounts; the larger change was gas increased \$2,080 due to increased rates and usage; other line items were also adjusted. The significant change was in property additions; the community room and office area was remodeled under the Capital Fund Project, some cost over-runs required increased spending out of the operating budget, therefore, the increase in property additions, and increase in net loss.

The actual results in the combined income statement represented a net income of \$ 209,181; this is the result of drawing down the entire 2003 and 2004 Capital funds to complete the office and community room renovation. Generally Accepted Accounting Principles, (GAAP) requires the recognition of the advances as revenue- the asset additions affect the Balance Sheet, therefore, the advances result in net profit.

Entity Wide Capital Assets

The fixed assets increased \$ 346,978 prior to depreciation. The additions were for the office and community room renovation. The renovation included and expansion of the community room, addition of storage room, a maintenance garage, and enlarging the office area including a lobby area for the tenants.

Commission's Position

The Commission has completed enlarging the community room, maintenance garage and renovating the administrative offices; we plan on using our 2005 Capital Fund Grant to purchase new office equipment including computers and a resealing the parking lot, adding resident mailboxes, and a public announcement system in the community room.

We anticipate current funding levels for operations and capital improvements will remain consistent with past years; therefore, the Commission expects to continue to provide safe, sanitary and decent housing for the low and moderately low income elderly families.

Questions or comments concerning this Management Discussion and Analysis may be directed to:

Susan Soda, Executive Director
8745 Lewis Avenue
Temperance, Michigan 48182

BEDFORD TWP HOUSING COMMISSION
Combined Statement of Net Assets
September 30, 2005

ASSETS

C-3180

CURRENT ASSETS

Cash	\$	98,992	
Accounts Receivable		764	
Investments		94,876	
Prepaid Expenses		<u>13,495</u>	
Total Current Assets	\$		208,127

NON CURRENT ASSETS

Land	\$	47,487	
Buildings		3,177,827	
Furniture, Equipment- Dwellings		50,330	
Furniture, Equipment- Administrative		93,374	
Construction in Progress		678,003	
Accumulated Depreciation		<u>(2,322,676)</u>	
Total Non Current Assets			<u>1,724,345</u>

TOTAL ASSETS \$ 1,932,472

BEDFORD TWP HOUSING COMMISSION
Combined Statements of Net Assets
September 30, 2005

LIABILITIES

C-3180

CURRENT LIABILITIES

Accounts Payable	\$	6,715	
Accrued Wages & Payroll Taxes		2,884	
Accrued Compensated Absences		6,411	
Tenants Security Deposit		26,188	
Deferred Revenue		<u>499</u>	
<u>Total Current Liabilities</u>	\$		42,697

NET ASSETS

Investment in Fixed Assets, net of related Debt	\$	1,724,345	
Unrestricted Net Assets		<u>165,430</u>	
<u>Total Net Assets</u>			<u>1,889,775</u>
<u>TOTAL LIABILITIES & NET ASSETS</u>	\$		<u>1,932,472</u>

The Accompanying Notes are an Integral part of the Financial Statements

BEDFORD TWP HOUSING COMMISSION
Combined Statement of Revenue, Expenses, and Changes in Net Assets
For the year ended September 30, 2005

REVENUE

Tenant Rental Revenue	\$ 220,383	
Tenant Revenue-Other	793	
HUD Grants	402,779	
Interest Income	2,742	
Other Income	<u>26,593</u>	
<u>Total Revenue</u>		\$ 653,290

EXPENSES

Administrative	\$ 127,150	
Tenant Services	19,955	
Utility Expenses	42,795	
Ordinary Maintenance	108,093	
Protective Services	1,960	
General Expenses	<u>29,732</u>	
<u>Total Expenses</u>		<u>329,685</u>
<u>Excess (Deficiency) of Revenues over Expenses</u>		\$ 323,605

OTHER SOURCES & (USES)

Extraordinary Maintenance	\$ (2,528)	
Depreciation Expenses	<u>(111,896)</u>	
<u>Total Other Sources (Uses)</u>		<u>(114,424)</u>
<u>Change in Net Assets</u>		\$ 209,181
Total Net Assets- Beginning		<u>1,680,594</u>
Total Net Assets- Ending		\$ <u>1,889,775</u>

The Accompanying Notes are an Integral part of the Financial Statements

BEDFORD TWP HOUSING COMMISSION
Combined Statement of Cash Flows
For the Year Ended September 30, 2005

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 220,734
Payments to Suppliers	(177,345)
Payments to Employees	(151,078)
HUD Grants	402,779
Other Receipts (Payments)	<u>29,335</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>324,425</u>

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	\$ <u>(348,277)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (23,852)
Balance- Beginning of Year	<u>122,844</u>
Balance- End of Year	\$ <u>98,992</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$ 209,181
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	111,896
Changes in Assets (Increase) Decrease:	
Receivables (Gross)	(5,984)
Investments	2,705
Prepaid Expenses	7,045
Changes in Liabilities Increase (Decrease):	
Accounts Payable	2,264
Accrued Liabilities	543
Compensated Absences	(368)
Security Deposits	(221)
Deferred Revenue	<u>(2,636)</u>
Net Cash Provided by Operating Activities	\$ <u>324,425</u>

The Accompanying Notes are an Integral part of the Financial Statements

BEDFORD TWP HOUSING COMMISSION
Notes to Financial Statements
September 30, 2005

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity-

Bedford Twp. Housing Commission, Temperance, Michigan, (Commission) was created by ordinance of the city of Temperance. The Commission signed an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 156-001	Low rent program	97 units
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In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. The Financial Data Schedule lists all the programs of the Reporting Entity including component units should they exist, as defined above. Based on the above criteria, there are no component units.

These criteria were considered in determining the reporting entity.

Basis of Presentation-

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Notes to Financial Statements- continued

Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes.

Basis of Accounting-

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1998, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1998, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, provided they do not conflict with Governmental Accounting Standard Board (GASB) pronouncements.

Budgetary data-

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

Assets, Liabilities, and Net Assets-

Deposits & Investments

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

Notes to Financial Statements- continued

Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and undesignated fund balance components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

Compensated Absences

Vacation and other compensated absences with similar characteristics have been accrued as a liability. The amount accrued was based on the probability that the Commission will compensate the employees for the benefits through cash payments as a condition of the employees' termination or retirement.

Note 2: Cash and Investments.

The composition of cash and investments are as follows:

Cash:

General Fund Checking Account	\$ 3,968
Petty Cash	100
Cash equivalent, reclassified below	<u>94,924</u>
Financial Statement Total	\$ <u>98,992</u>

Investments:

Certificates of Deposit	\$ 47,336
Savings Account	<u>142,464</u>
Financial Statement Total	\$ 189,800
Cash equivalents, reclassified above	<u>(94,924)</u>
Financial Statement Total	\$ <u>94,876</u>

Notes to Financial Statements- continued

Generally the Commission classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Commission's name.
- 2) Uninsured or unregistered, held by a broker in the Commission's name.
- 3) Uninsured or unregistered, held by a broker not in the Commission's name.

	Categories			Carrying Amount	Market Value .
	1	2	3		
Cash:					
Checking A/C's	\$ 3,968	\$	\$	\$ 3,968	\$ 3,968
Petty Cash	100			100	100
Savings Accounts	94,924			94,924	94,924
Total Cash	\$ 98,992	\$	\$	\$ 98,992	\$ 98,992

Investments:

Savings Account	\$ 47,540	\$	\$	\$ 47,540	\$ 47,540
C/D's	47,336			47,336	47,336
Total Invest	\$ 94,876	\$	\$	\$ 94,876	\$ 94,876

In addition to the above analysis, the Commission has adopted an investment policy as required by P.A. 196 of 1997; Michigan Compiled Law 129.95.

Note 3: Accounts Receivable

Tenants accounts receivable consists of the following:

Accounts Receivable- Tenants	\$ 684
Less: Allowance for Bad Debts	<u>(97)</u>
Net Accounts Receivable- Tenants	\$ 587

Accounts Receivable- Other

Accounts Receivable- Miscellaneous	<u>177</u>
Financial Statement Total	\$ <u>764</u>

Notes to Financial Statements- continue

Note 4: Fixed Asset Analysis.

The following represents the changes in fixed assets for the year:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 47,487	\$	\$	\$ 47,487
Buildings	2,833,885	343,942		3,177,827
Furniture & Equipment-Dwellings	49,174	2,454	1,298	50,330
Furniture & Equipment-Admin	91,493	1,881		93,374
Leasehold Improvements	<u>678,003</u>	<u></u>	<u></u>	<u>678,003</u>
	\$ 3,700,042	\$ 348,277	\$ 1,298	\$ 4,047,021
Less Accumulated Depreciation	<u>2,212,078</u>	<u>111,896</u>	<u>1,298</u>	<u>2,322,676</u>
	<u>\$ 1,487,964</u>	<u>\$ 236,381</u>	<u>\$</u>	<u>\$ 1,724,345</u>

Note 5: Pension Plan

The Bedford Township Housing Commission contributes to a Simplified Employee Pension Plan, (SEPP). The Commission pays 13 % of all eligible employees wages to the fund. Employees are 100 % vested as soon as they are eligible. Eligibility requirements are as follows: full time employee, over 21 years of age, and have worked for the Commission for at least three of preceding five years.

Note 6: Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Commission purchases commercial insurance to cover the risks of these losses. The Commission had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 5,339,380
General Liability	1,000,000
Automobile Liability	1,000,000
Dishonesty Bond	1,000,000
Worker's Compensation and other riders: minimum coverage's required by the State of Michigan	

Note to Financial Statements- continued

Note 7: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Note 8: Combining Financial Data Schedules.

The totals in the combining Balance Sheet and Combining Income Statement represent unconsolidated totals. Under principals of consolidation, inter fund transactions would be eliminated; the totals in the combined statements follow the financial data schedule format recommended by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).

Bedford Twp Housing Commission

30-Sep-05

MI-156

	Account Description	Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	ASSETS:			
	CURRENT ASSETS:			
	Cash:			
111	Cash - unrestricted	98,992		98,992
112	Cash - restricted - modernization and developmen		-	-
113	Cash - other restrictec			-
114	Cash - tenant security deposit	-	-	-
100	Total cash	98,992	-	98,992
	Accounts and notes receivables			
121	Accounts receivable - PHA project			-
122	Accounts receivable - HUD other project		-	-
124	Accounts receivable - other governmer			-
125	Accounts receivable - miscellaneou	147	-	147
126	Accounts receivable- tenants - dwelling rent	684		684
126.1	Allowance for doubtful accounts - dwelling rent	(97)		(97)
126.2	Allowance for doubtful accounts - othe	-		-
127	Notes and mortgages receivable- curren			-
128	Fraud recovery			-
128.1	Allowance for doubtful accounts - fraud			-
129	Accrued interest receivabl	30		30
120	Total receivables, net of allowances for doubtful account	764	-	764
	Current investments			-
131	Investments - unrestrictec	94,876		94,876
132	Investments - restrictec			-
142	Prepaid expenses and other asset	13,495	-	13,495
143	Inventories	-	-	-
143.1	Allowance for obsolete inventorie	-	-	-
144	Interprogram - due fron	-	-	-
146	Amounts to be providec			-
150	TOTAL CURRENT ASSETS	208,127	-	208,127
	NONCURRENT ASSETS:			
	Fixed assets:		-	
161	Land	47,487	-	47,487
162	Buildings	2,818,011	359,816	3,177,827
163	Furniture, equipment & machinery - dwelling	50,330	-	50,330
164	Furniture, equipment & macinery - admininstratio	93,374	-	93,374
165	Leasehold improvement:	678,003	-	678,003
166	Accumulated depreciator	(2,312,690)	(9,986)	(2,322,676)
160	Total fixed assets, net of accumulated depreciatio	1,374,515	349,830	1,724,345
171	Notes and mortgages receivable - non-curren			-
172	Notes and mortgages receivable-non-current-past du			-
174	Other assets			-
175	Undistributed debits			-
176	Investment in joint venture:			-
180	TOTAL NONCURRENT ASSETS	1,374,515	349,830	1,724,345
190	TOTAL ASSETS	1,582,642	349,830	1,932,472

	LIABILITIES AND EQUITY:			
	LIABILITIES:			
	CURRENT LIABILITIES			
311	Bank overdraft			-
312	Accounts payable ≤ 90 days	6,715	-	6,715
313	Accounts payable > 90 days past due		-	-
321	Accrued wage/payroll taxes payable	2,884	-	2,884
322	Accrued compensated absence	6,411	-	6,411
324	Accrued contingency liability			-
325	Accrued interest payable			-
331	Accounts payable - HUD PHA program			-
332	Accounts Payable - PHA Project			
333	Accounts payable - other government	-	-	-
341	Tenant security deposits	26,188	-	26,188
342	Deferred revenues	499	-	499
343	Current portion of Long-Term debt - capital project		-	-
344	Current portion of Long-Term debt - operating borrowing			-
345	Other current liabilities			-
346	Accrued liabilities - other	-		-
347	Inter-program - due to	-	-	-
310	TOTAL CURRENT LIABILITIES	42,697	-	42,697
	NONCURRENT LIABILITIES:			
351	Long-term debt, net of current- capital project			-
352	Long-term debt, net of current- operating borrowing			-
353	Noncurrent liabilities- other	-		-
350	TOTAL NONCURRENT LIABILITIES		-	-
300	TOTAL LIABILITIES	42,697	-	42,697
	EQUITY:			
501	Investment in general fixed asset			-
	Contributed Capital:			
502	Project notes (HUD)			-
503	Long-term debt - HUD guarantee	-	-	-
504	Net HUD PHA contributions	-		-
505	Other HUD contributions			-
507	Other contributions	-		-
508	Total contributed capital	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	1,374,515	349,830	1,724,345
	Reserved fund balance			-
509	Reserved for operating activities			-
510	Reserved for capital activities	-		-
511	Total reserved fund balance	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-
512.1	Unrestricted Net Assets	165,430		165,430
513	TOTAL EQUITY	1,539,945	349,830	1,889,775
600	TOTAL LIABILITIES AND EQUITY	1,582,642	349,830	1,932,472

- - -

Bedford Twp Housing Commission

30-Sep-05

MI-156

Combining Income Statement		Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	REVENUE:			
703	Net tenant rental revenue	220,383		220,383
704	Tenant revenue - other	793	-	793
705	Total tenant revenue	221,176	-	221,176
706	HUD PHA grants	79,043	323,736	402,779
708	Other government grants			-
711	Investment income - unrestricted	2,742	-	2,742
712	Mortgage interest income	-		-
714	Fraud recovery			-
715	Other revenue	26,593		26,593
716	Gain or loss on the sale of fixed asset			-
720	Investment income - restricted			-
700	TOTAL REVENUE	329,554	323,736	653,290
	EXPENSES:			
	Administrative			
911	Administrative Salaries	86,081	-	86,081
912	Auditing Fees	2,200		2,200
913	Outside management fee			-
914	Compensated absence	367		367
915	Employee benefit contributions-administrative	17,070	-	17,070
916	Other operating administrative	21,432	-	21,432
	Tenant services			
921	Tenant services - salaries	-	-	-
922	Relocation costs		-	-
923	Employee benefit contributions- tenant service	-	-	-
924	Tenant services - other	19,955	-	19,955
	Utilities			
931	Water	17,842	-	17,842
932	Electricity	14,546	-	14,546
933	Gas	10,407	-	10,407
934	Fuel			-
935	Labor			-
937	Employee benefit contributions- utilities			-
938	Other utilities expense	-		-
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	64,997	-	64,997
942	Ordinary maintenance and operations - materials & other	16,685	-	16,685
943	Ordinary maintenance and operations - contract cost	15,991	-	15,991
945	Employee benefit contributions- ordinary maintenance	10,420	-	10,420
	Protective services			
951	Protective services - labor			-

[illegible]

BEDFORD TWP HOUSING COMMISSION
Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
September 30, 2005

I have audited the financial statements of Bedford Twp. Housing Commission, Temperance, Michigan, as of and for the year ended September 30, 2005, and have issued my report thereon dated February 2, 2006. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bedford Twp. Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bedford Twp. Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Certified Public Accountant

February 2, 2006

BEDFORD TWP HOUSING COMMISSION
Status of Prior Audit Findings
September 30, 2005

The prior audit of the Bedford Township Housing Commission for the period ended September 30, 2004, did not contained any audit findings or questioned cost.

BEDFORD TWP HOUSING COMMISSION
Schedule of Findings and Questioned Cost
September 30, 2005

1) Summary of Auditor's Results:

Programs:

	<u>Major Program</u>	<u>Non Major Program</u>
Low income Public Housing		X
Capital Projects		X

Opinions:

General Purpose Financial Statements-

Unqualified

Material weakness(es) noted	_____ Yes	_____ <u>X</u> No
-----------------------------	-----------	-------------------

Reportable condition(s) noted	_____ Yes	_____ <u>X</u> No
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Non Compliance material to financial statements noted	_____ Yes	_____ <u>X</u> No
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Report on compliance for Federal programs-

Unqualified

Material weakness(es) noted	_____ Yes	_____ <u>X</u> No
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Reportable condition(s) noted	_____ Yes	_____ <u>X</u> No
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Non Compliance material to financial statements noted	_____ Yes	_____ <u>X</u> No
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Thresholds:

Dollar limit used to determine type A & B programs- \$ 300,000

The Auditee did qualify as a low risk auditee.